

Revisiting Corporate Governance through Shariah Compliance: Evidence, Theory, and Future Research Directions from an AI-Assisted Systematic Review

Samihah Hanim Mohamad, Jasni Sulong*

School of Humanities, Universiti Sains Malaysia, Penang, Malaysia

*Corresponding Author: jasni@usm.my

DOI: <https://doi.org/10.47772/IJRISS.2025.91200298>

Received: 30 December 2025; Accepted: 05 January 2026; Published: 17 January 2026

ABSTRACT

Despite the growing importance of Shariah compliance in Islamic finance, existing research on corporate governance through Shariah compliance remains fragmented across disciplines, jurisdictions, and methodological approaches, limiting theoretical integration and practical applicability. This study aims to systematically review and synthesise the literature on corporate governance through the lens of Shariah compliance by employing an AI-assisted systematic review approach. Using Scopus AI, the review was conducted on 25 September 2025 and involved structured analysis through AI-generated summaries, expanded summaries, concept mapping, and emerging theme detection. The findings reveal that Shariah compliance functions as a substantive governance mechanism that strengthens board effectiveness, internal controls, transparency, risk management, and stakeholder trust in Islamic financial institutions and Shariah-compliant firms. The review further demonstrates that corporate governance through Shariah compliance is underpinned by an integrated theoretical framework combining agency, stewardship, and stakeholder theories, enriched by Islamic jurisprudential principles. Emerging themes indicate a shift toward sustainability-oriented governance, ESG integration, and technology enabled Shariah compliance, including blockchain and artificial intelligence applications. The study contributes theoretically by advancing a values-based governance paradigm and practically by offering insights for regulators, policymakers, and practitioners seeking to enhance ethical governance and sustainable finance. These findings highlight the evolving role of Shariah compliance as both a governance mechanism and a strategic capability in contemporary corporate governance.

Keywords— Corporate Governance; Shariah Compliance; Shariah Governance; Islamic Finance; ESG and Sustainability

INTRODUCTION

Corporate governance has long been recognised as a critical institutional mechanism for ensuring accountability, transparency, and sustainable firm performance in modern economies. Conventional governance frameworks largely grounded in agency theory emphasise the alignment of interests between shareholders and managers through board oversight, disclosure practices, and regulatory compliance. However, the recurring global financial crises, corporate scandals, and ethical failures have raised fundamental questions regarding the sufficiency of profit-centred governance models, particularly in contexts where moral responsibility and social accountability are central to economic activity. Within this broader debate, Islamic finance has emerged as a distinctive governance paradigm, embedding ethical norms, religious accountability, and socio-economic justice through the principle of Shariah compliance, which governs not only financial transactions but also organisational conduct and decision-making.

Within Islamic corporate and financial institutions, Shariah compliance functions as an additional layer of governance that complements conventional corporate governance mechanisms. Prior studies demonstrate that Shariah-compliant firms exhibit stronger internal control systems, reduced material weaknesses in financial reporting, and enhanced risk disclosure practices, reflecting higher standards of transparency and accountability (Amayreh et al., 2024; Alajmi & Al-Shammari, 2024). The presence of Shariah supervisory boards, independent directors, and structured Shariah governance processes has also been associated with

lower Shariah noncompliant risk and improved monitoring effectiveness in Islamic banks and firms operating within Shariah-based frameworks (Basiruddin & Ahmed, 2020). These governance features indicate that Shariah compliance is not merely a legal or religious constraint but a substantive governance mechanism with measurable organisational outcomes.

Theoretically, the integration of Shariah compliance into corporate governance has been examined through multiple lenses, including agency theory, stewardship theory, and stakeholder theory. Scholars argue that Shariah governance extends beyond mitigating agency conflicts by embedding fiduciary responsibility (amanah), accountability to God (taklif), and ethical stewardship (khilafah) within corporate structures (Obid & Naysary, 2014). Empirical evidence further suggests that Shariah compliance influences financial performance, corporate social responsibility (CSR) disclosure, and earnings management practices, thereby reinforcing ethical behaviour and long-term value creation (Ahmad & Kumari, 2025; Yusoff et al., 2018). Moreover, recent studies highlight the moderating role of Shariah compliance in strengthening governance effectiveness, particularly for firms with lower intrinsic value-addition capabilities, positioning Shariah governance as a strategic differentiator rather than a compliance cost (Siddiqui & Raheman, 2025).

Despite the growing body of literature, existing research remains fragmented across disciplines, regions, and methodological approaches. Prior studies tend to focus on specific governance attributes, single-country contexts, or isolated performance indicators, resulting in limited theoretical integration and inconsistent empirical conclusions. Furthermore, the rapid evolution of regulatory environments, ESG-oriented governance, and financial technologies has outpaced systematic synthesis efforts, leaving gaps in understanding how Shariah compliance interacts dynamically with corporate governance structures across jurisdictions and over time (Jaradat & Oudat, 2025; Shalhoob, 2025). Notably, there is a lack of comprehensive, theory-informed reviews that map the intellectual structure of the field, identify dominant and emerging research themes, and clarify future research trajectories using advanced analytical tools.

Addressing these gaps, this study aims to systematically review and synthesise the literature on corporate governance through the lens of Shariah compliance using an AI-assisted systematic review approach based on Scopus AI. Specifically, the study seeks to (i) analyse the intellectual and thematic development of the research area, (ii) construct a concept map illustrating the relationships between governance mechanisms, theoretical foundations, and organisational outcomes, (iii) identify core topic experts and influential contributions shaping the field, and (iv) uncover emerging themes and under-explored research directions. By leveraging AI-assisted literature analytics, this study moves beyond traditional narrative reviews to offer a structured, scalable, and reproducible synthesis of a rapidly expanding body of knowledge.

The study makes several important contributions. Conceptually, it consolidates dispersed theoretical perspectives into an integrated governance framework that positions Shariah compliance as a multidimensional governance mechanism encompassing ethics, regulation, and performance. Methodologically, it demonstrates the value of AI-assisted systematic reviews for advancing Islamic finance and corporate governance research. Empirically, it highlights dominant research clusters, regulatory influences, and technological frontiers shaping future inquiry. Practically, the findings offer insights for regulators, board members, and policymakers seeking to strengthen governance effectiveness and ethical accountability in Islamic and hybrid financial systems. The remainder of this paper is organised as follows. Section 2 outlines the methodology and AI-assisted review design. Section 3 presents the descriptive and thematic analysis, including concept mapping and expert identification. Section 4 discusses emerging themes and future research directions. Section 5 concludes with implications for theory, practice, and policy.

METHODOLOGY

This study adopts an AI-assisted systematic review methodology using Scopus AI as the primary analytical platform to synthesise the literature on corporate governance through the lens of Shariah compliance. Scopus AI was selected due to its capacity to integrate large-scale bibliometric data with generative analytical tools that enable structured summarisation, concept mapping, and thematic clustering across extensive scholarly corpora. The review was conducted on 25 September 2025, ensuring that the analysis reflects the most current and comprehensive body of peer-reviewed literature indexed in Scopus at the time of extraction. This methodological approach aligns with recent advances in systematic literature reviews that incorporate artificial

intelligence to enhance transparency, replicability, and analytical depth beyond traditional narrative or bibliometric techniques (Donthu et al., 2021; Zupic & Čater, 2015).

The literature search was conducted exclusively within the Scopus database via the Scopus AI interface using a predefined and theory driven search string designed to capture the multidimensional nature of corporate governance, Shariah compliance, ethical accountability, and organisational outcomes. The full search string applied was:

("corporate governance" OR "corporate management" OR "board governance" OR "organizational governance") AND ("Shariah compliance" OR "Islamic compliance" OR "Sharia compliance" OR "Islamic law") AND ("transparency" OR "accountability" OR "ethics" OR "responsibility") AND ("risk management" OR "stakeholder" OR "performance" OR "regulation") AND ("financial reporting" OR "disclosure" OR "audit" OR "oversight")

This search strategy ensured comprehensive coverage of governance mechanisms, ethical dimensions, regulatory oversight, and performance-related outcomes within both Islamic finance and broader corporate governance scholarship. Only peer-reviewed journal articles published in English were considered to ensure academic rigour and international comparability. Consistent with systematic review standards, conference papers, editorials, book reviews, and non-scholarly outputs were excluded (Tranfield et al., 2003). Scopus AI automatically filtered and ranked the retrieved literature based on relevance, citation impact, and conceptual proximity to the search terms.

Following data retrieval, Scopus AI was employed to conduct four integrated analytical procedures: Summary, Expanded Summary, Concept Map, and Emerging Themes (refer to Figure 1). First, the Summary function generated a high-level synthesis of the dominant narratives, theoretical foundations, and empirical trends in the literature, providing an overarching view of how Shariah compliance has been positioned within corporate governance research. This was followed by the Expanded Summary, which offered a more granular synthesis by clustering studies according to governance mechanisms (e.g., board structure, Shariah supervisory boards, disclosure practices), theoretical lenses (e.g., agency, stewardship, stakeholder theory), and outcome variables (e.g., financial performance, risk management, transparency, CSR). This two-tier summarisation process enabled both breadth and depth in understanding the intellectual evolution of the field (Aria & Cuccurullo, 2017).

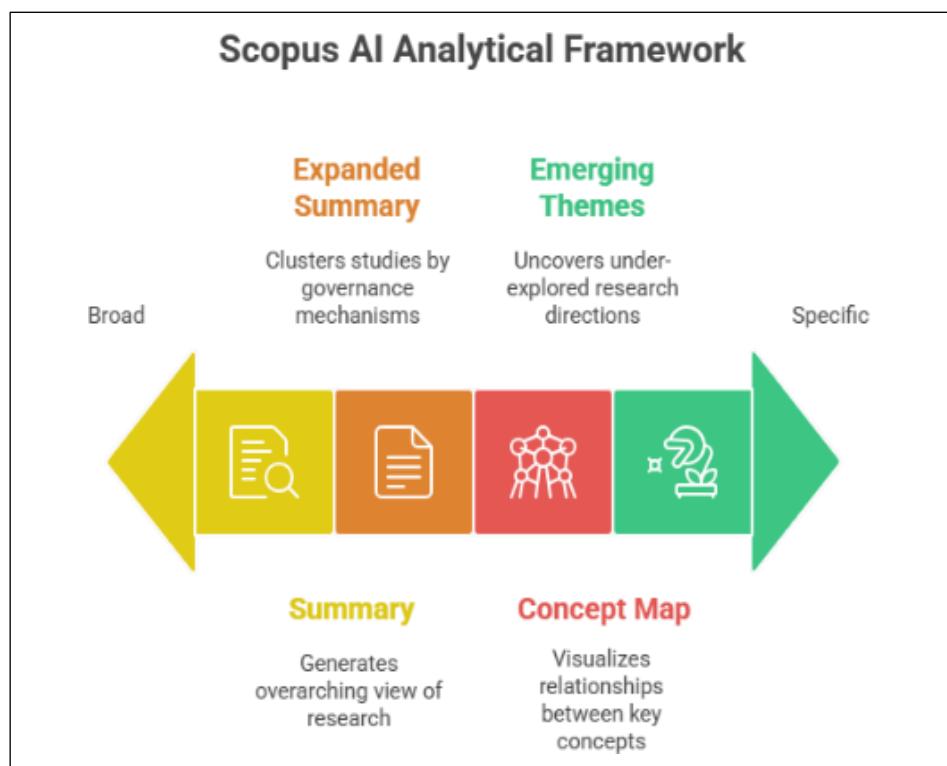


Figure 1: Four core elements of Scopus AI

To address the study's second objective, Scopus AI's Concept Map function was utilised to visualise the intellectual structure of the research domain. The concept map algorithm identifies co-occurring keywords, thematic proximities, and conceptual linkages across the dataset, allowing for the systematic illustration of relationships between corporate governance mechanisms, Shariah principles, ethical constructs, and organisational outcomes. This mapping process facilitated the identification of core conceptual clusters such as Shariah governance, transparency and disclosure, regulatory oversight, and performance accountability as well as peripheral or under-connected themes that signal potential research gaps. Concept mapping has been widely recognised as a robust technique for revealing knowledge structures and theoretical integration in complex, interdisciplinary fields (Zupic & Cater, 2015).

Finally, the Emerging Themes function was used to uncover nascent research areas and under-explored directions within the literature. By analysing recent publication trends, keyword bursts, and conceptual novelty, Scopus AI identified emerging themes such as ESG integration in Islamic governance, fintech-enabled Shariah compliance monitoring, cross-border regulatory harmonisation, and advanced risk governance frameworks. This forward-looking analysis directly addresses the fourth objective of the study by moving beyond retrospective synthesis to propose evidence based future research directions. The use of AI in detecting emerging themes enhances objectivity and reduces reviewer bias, particularly in rapidly evolving research domains (Mariani et al., 2023).

Overall, the AI-assisted systematic review approach employed in this study ensures methodological rigor through structured search design, transparent analytical procedures, and replicable AI-generated outputs. By integrating Scopus AI's advanced synthesis capabilities with established systematic review principles, this methodology provides a robust foundation for analysing the intellectual development, conceptual architecture, and future trajectory of corporate governance research grounded in Shariah compliance. This approach is particularly suited to interdisciplinary fields where theoretical diversity and rapid knowledge expansion necessitate scalable and analytically sophisticated review techniques.

RESULTS AND DISCUSSION

The results of this AI-assisted systematic review provide a comprehensive and structured synthesis of how corporate governance has been conceptualised, operationalised, and empirically examined through the lens of Shariah compliance. Drawing on the Summary and Expanded Summary, Concept Map, and Emerging Themes generated by Scopus AI, the findings reveal a research field that has evolved from normative and compliance-oriented discussions into a more complex, interdisciplinary domain integrating governance theory, ethical accountability, regulatory oversight, and organisational performance.

Summary and Expanded Summary

The synthesis of findings derived from the Summary and Expanded Summary generated by Scopus AI reveals a coherent yet evolving body of literature positioning Shariah compliance as a substantive governance mechanism rather than a symbolic or purely religious constraint. Across the reviewed studies, Shariah compliance is consistently associated with enhanced corporate governance quality, particularly in relation to board effectiveness, internal control systems, and ethical accountability. Empirical evidence indicates that firms adhering to Shariah principles demonstrate stronger internal controls over financial reporting and a lower incidence of material weaknesses in internal control structures, suggesting that Shariah governance reinforces managerial discipline and monitoring effectiveness (Amayreh et al., 2024). This finding supports the argument that Shariah compliance operates as an additional governance layer that complements conventional corporate governance mechanisms rather than duplicating them.

The expanded synthesis further highlights transparency and disclosure as central governance outcomes influenced by Shariah compliance. Studies focusing on Shariah-compliant financial firms report higher quality risk disclosure practices and greater informational transparency, particularly in relation to operational and Shariah-related risks (Alajmi & Al-Shammari, 2024). These findings align with the normative foundations of Shariah, which emphasise honesty (sidq), trustworthiness (amanah), and accountability (hisbah). From a governance perspective, this suggests that Shariah compliance strengthens both internal and external

accountability mechanisms, enhancing stakeholder confidence and reducing information asymmetry an outcome long emphasised in mainstream corporate governance theory.

From a theoretical standpoint, the Summary and Expanded Summary analyses demonstrate a gradual but clear shift in how governance is conceptualised within Shariah-compliant contexts. Early studies relied heavily on agency theory to explain the role of Shariah supervisory boards and board independence in mitigating managerial opportunism. However, more recent literature increasingly integrates stewardship and stakeholder theories, reflecting the ethical and social dimensions embedded in Islamic governance frameworks (Obid & Naysary, 2014). This theoretical pluralism underscores that Shariah governance extends beyond shareholder value maximisation toward a broader conception of organisational responsibility encompassing multiple stakeholders, including depositors, regulators, and society at large.

The relationship between Shariah compliance and financial performance emerges as another dominant theme within the expanded synthesis. Empirical findings indicate that firms with robust Shariah governance structures such as independent boards, active Shariah committees, and frequent governance meetings tend to exhibit lower Shariah non-compliant risk and more stable performance outcomes, particularly in Islamic banking contexts (Basiruddin & Ahmed, 2020). Importantly, the literature suggests that Shariah compliance may function as a strategic governance asset for firms with limited value-creation capabilities, enhancing legitimacy and trust among stakeholders and mitigating reputational risk (Siddiqui & Raheman, 2025). This challenges the conventional assumption that compliance imposes efficiency costs, instead positioning Shariah governance as a source of competitive differentiation in certain institutional settings.

The expanded analysis also reveals a strong linkage between Shariah compliance, corporate social responsibility (CSR), and earnings quality. Several studies document that Shariah-compliant firms are more likely to engage in substantive CSR disclosure and exhibit lower levels of earnings management, reflecting higher ethical standards and long-term orientation (Ahmad & Kumari, 2025; Yusoff et al., 2018). These findings suggest that Shariah compliance contributes to governance outcomes not only through formal structures but also through behavioural and ethical channels that influence managerial decision-making. This reinforces arguments from stakeholder and legitimacy theories that ethical governance frameworks can shape organisational conduct beyond regulatory enforcement.

Regulatory environment and institutional context emerge as critical moderating factors in the effectiveness of Shariah-based corporate governance. The Summary and Expanded Summary indicate that strong regulatory frameworks enhance the consistency, transparency, and credibility of Shariah compliance practices by standardising disclosure requirements and governance expectations (Jaradat & Oudat, 2025). Conversely, fragmented or weak regulatory environments may limit the effectiveness of Shariah governance, leading to variations in compliance quality across jurisdictions. This finding highlights the interdependence between firm level governance mechanisms and macro-level institutional arrangements, echoing broader corporate governance literature on the role of legal and regulatory infrastructure.

Collectively, the results from the Summary and Expanded Summary suggest that while the literature provides robust evidence on the positive governance implications of Shariah compliance, it remains uneven in scope and depth. Much of the empirical work is concentrated in Islamic financial institutions and emerging economies, with limited comparative analysis involving conventional firms or cross-border governance systems. Moreover, the literature tends to prioritise observable governance structures and performance indicators, while offering less insight into dynamic processes, longitudinal effects, and interaction with emerging technologies. These patterns underscore the need for future research that integrates multi-theoretical perspectives, comparative institutional analysis, and advanced methodological designs to more fully capture the evolving role of Shariah compliance in corporate governance.

Concept Map

The concept map presented in Figure 2 visualises the intellectual structure of the literature on corporate governance through Shariah compliance, as generated by Scopus AI. The map illustrates how the reviewed scholarship is organised around three core analytical dimensions which are Evidence, Theory, and Future Research Directions that all anchored to the central construct of Corporate Governance through Shariah

Compliance. This visualisation provides a structured representation of how empirical findings, theoretical foundations, and forward-looking research agendas are interconnected within the field, thereby offering a holistic overview of its conceptual architecture.

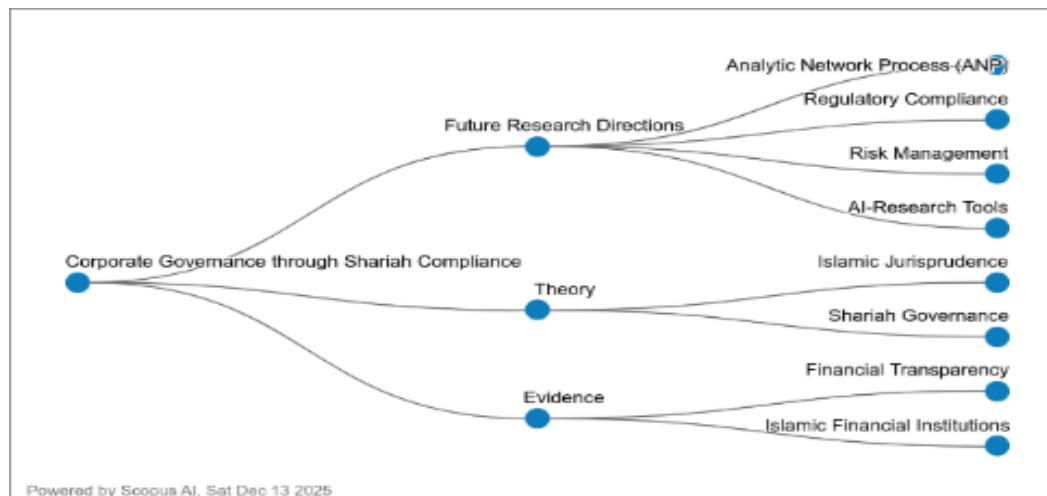


Figure 2: Concept map of Corporate Governance through Shariah Compliance A Review of Corporate Governance through Shariah Compliance

Corporate governance through Shariah compliance is empirically evidenced as a critical mechanism for enhancing ethical conduct, accountability, and organisational integrity within Islamic financial institutions (IFIs). Findings from the AI-assisted systematic review consistently demonstrate that the implementation of the Shariah Governance Framework (SGF) including internal Shariah reviews, Shariah audits, and supervisory oversight strengthens governance quality by reinforcing compliance discipline and reducing informational asymmetries (Minhas, 2023; Shafii et al., 2013). Empirical studies further show that Shariah compliance positively influences internal controls over financial reporting, particularly by strengthening the effectiveness of board meetings and oversight functions, thereby improving reporting quality and reducing governance-related risks (Amayreh et al., 2024). In addition, the governance requirements embedded in Shariah-compliant instruments such as sukuk most notably transparency, accountability, and ethical use of funds serve to enhance investor confidence and align financial activities with Islamic moral principles (Naz et al., 2025). Collectively, these findings indicate that Shariah compliance functions as an operative governance layer that reinforces conventional corporate governance mechanisms rather than merely imposing religious constraints.

From a theoretical perspective, the literature synthesised through Scopus AI reveals that corporate governance through Shariah compliance is underpinned by an integrated framework combining Islamic jurisprudence with established governance theories. While agency theory explains the monitoring role of Shariah boards and audits in mitigating managerial opportunism, stewardship and stakeholder theories better capture the ethical and social orientation of Islamic corporate governance (Lestari et al., 2025). The concept of amanah (trust), accountability to God (taklif), and public interest (maslahah) extends governance objectives beyond shareholder value maximisation toward long-term sustainability and societal wellbeing. The identification of five core elements of Islamic Corporate Governance Shariah board governance, management and board governance, audit and risk governance, sustainable governance, and Muslim managerial ethics illustrate how Shariah compliance integrates moral values with institutional governance structures (Lestari et al., 2025). This theoretical synthesis confirms that Shariah-based corporate governance represents a distinctive, value-driven governance paradigm rather than a contextual variant of conventional governance models.

Looking forward, the AI-assisted review highlights several important directions for future research. First, there is a need for more longitudinal and cross-country studies to examine how Shariah governance frameworks operate across diverse regulatory environments and institutional settings, particularly beyond Islamic banking. Second, emerging research should explore the integration of advanced analytical and AI-based tools into Shariah governance processes, including Shariah audit automation, real-time compliance monitoring, and risk analytics, to enhance governance effectiveness and scalability. Third, future studies should extend governance analysis to capital market instruments such as sukuk by empirically assessing how Shariah based governance structures influence market performance, investor behaviour, and financial stability (Naz et al., 2025). Finally,

deeper theoretical work is required to further integrate Islamic governance principles with sustainability and ESG frameworks, positioning Shariah compliance as a strategic governance capability that contributes to ethical finance and sustainable economic development. These directions underscore the evolving role of Shariah compliance as both a governance mechanism and a future-oriented research frontier.

Future Research Directions of Corporate Governance through Shariah Compliance

The findings of the AI-assisted systematic review indicate that corporate governance through Shariah compliance has reached a level of conceptual maturity that necessitates deeper and more integrative future research. Empirical evidence suggests that while Shariah governance mechanisms such as Shariah supervisory boards, internal Shariah audits, and compliance reviews contribute positively to ethical conduct and institutional resilience, their economic and governance consequences remain unevenly examined across contexts (Grassa et al., 2025). Existing studies largely focus on financial institutions and short-term performance indicators, leaving significant gaps in understanding how Shariah governance characteristics influence broader organisational outcomes such as long-term sustainability, risk resilience, and stakeholder trust. This evidentiary gap underscores the need for comprehensive Shariah governance frameworks capable of capturing the multidimensional impact of Shariah compliance beyond conventional corporate governance metrics.

From a theoretical standpoint, the relationship between Shariah-compliant corporate governance and future research directions reflects a growing call to integrate Islamic governance principles with contemporary governance practices. The literature increasingly recognises that Shariah governance cannot operate in isolation from modern governance systems, particularly in addressing complex risks, regulatory pressures, and stakeholder expectations (Ghani et al., 2024). Integrating Shariah governance with stakeholder theory, institutional theory, and risk governance frameworks offers a promising avenue for theory development, enabling scholars to explain governance effectiveness in both commercial and non-commercial Islamic organisations. This theoretical integration is particularly relevant in sectors such as Islamic charities and nonprofit institutions, where governance failures carry ethical and reputational consequences that extend beyond financial performance (Tumewang et al., 2025).

Looking ahead, the review highlights several critical future research directions that align with the evolving nature of Shariah-compliant corporate governance. Methodologically, there is a strong need to complement dominant quantitative approaches with qualitative and mixed-method designs to uncover the behavioural, institutional, and ethical dynamics underlying Shariah compliance practices (Tumewang et al., 2025). Substantively, future studies should investigate the relationship between corporate governance attributes and risk disclosure in Shariah compliant firms, as enhanced transparency has been shown to improve market efficiency and investor confidence (Alajmi & Al-Shammari, 2024). Additionally, AI-assisted governance tools, cross-sector comparative studies, and longitudinal analyses represent promising research frontiers capable of strengthening theoretical rigor and practical relevance. Collectively, these directions position Shariah compliance not only as a governance mechanism but also as a dynamic research domain responsive to contemporary governance challenges.

Theory of Corporate Governance through Shariah Compliance

The AI-assisted systematic review reveals that corporate governance through Shariah compliance is underpinned by a robust and increasingly integrated theoretical foundation that differentiates it from conventional governance paradigms. Central to this foundation is a comprehensive Shariah governance framework that synthesises agency theory, stewardship theory, and stakeholder theory, thereby extending governance analysis beyond shareholder centric models (Obid & Naysary, 2014). While agency theory explains the monitoring role of Shariah boards and governance mechanisms in mitigating managerial opportunism, stewardship and stakeholder theories capture the ethical orientation and collective responsibility embedded in Islamic governance. Core Shariah governance principles accountability, transparency, competency, confidentiality, and independence serve as normative anchors that guide governance behaviour within Islamic financial institutions (IFIs), reinforcing trust and ethical legitimacy in organisational decision-making.

Empirical evidence further demonstrates that these theoretical foundations translate into measurable governance and performance outcomes. Studies show that Shariah compliance strengthens internal governance mechanisms, particularly internal controls over financial reporting, by enhancing board oversight and compliance discipline (Amayreh et al., 2024). Moreover, Shariah compliance has been found to moderate the relationship between board diversity and financial performance, with zakat disclosure acting as an important mediating mechanism that aligns governance practices with Islamic ethical obligations (Firdaus et al., 2024). These findings provide empirical validation for stakeholder and stewardship perspectives, suggesting that Shariah-based disclosure and accountability mechanisms contribute to improved financial outcomes and governance effectiveness by fostering transparency and ethical alignment.

At a broader institutional level, the theoretical discourse highlights the need for globally coherent Shariah governance frameworks that can accommodate diverse regulatory environments while maintaining doctrinal consistency. Comparative analyses indicate that different jurisdictions adopt varying Shariah governance models, often centred on the role and authority of Shariah advisors and supervisory boards, resulting in heterogeneous governance practices across the Islamic finance industry (Minhas, 2023). This variability underscores the theoretical challenge of balancing contextual adaptability with normative uniformity in Shariah governance. From a theoretical standpoint, future research must further refine integrative governance models that reconcile Islamic jurisprudential principles with institutional and regulatory theory, thereby strengthening the explanatory power and global relevance of corporate governance through Shariah compliance.

Evidence of Corporate Governance through Shariah Compliance

Empirical evidence synthesised through the AI-assisted systematic review consistently demonstrates that corporate governance through Shariah compliance strengthens internal governance mechanisms, particularly internal controls over financial reporting. Studies show that Shariah compliance reinforces the effectiveness of board oversight by enhancing the relationship between board meetings and the quality of financial reporting controls, thereby reducing governance weaknesses and improving monitoring outcomes (Amayreh et al., 2024). This evidence suggests a complementary relationship between Shariah compliance and conventional corporate governance practices, where ethical compliance requirements amplify the effectiveness of formal governance structures. From an evidence-based perspective, Shariah compliance functions as a governance-enhancing mechanism that improves reporting integrity and reduces information asymmetry, which are critical for maintaining investor confidence in Islamic financial institutions.

Beyond internal controls, empirical findings reveal that Shariah governance attributes play a significant moderating role in shaping external market perceptions, particularly creditworthiness. Evidence indicates that strong Shariah governance structures enhance the positive relationship between corporate governance quality and credit ratings in Islamic banks, signalling lower risk and higher institutional credibility to rating agencies and investors (Baig et al., 2024). This moderating effect highlights the economic relevance of Shariah governance beyond internal compliance, demonstrating its influence on capital market outcomes and financing costs. The empirical relationship between governance, Shariah compliance, and credit ratings underscores the strategic importance of embedding Shariah principles within corporate governance frameworks to enhance institutional legitimacy and market trust.

Evidence from non-financial firms further extends the governance relevance of Shariah compliance beyond Islamic banking contexts. Studies indicate that Shariah compliance can act as a strategic differentiator by enhancing value addition capabilities and strengthening stakeholder trust, although this relationship is nonlinear and contingent on firm-specific characteristics (Siddiqui & Raheman, 2025). Additionally, empirical research shows that Shariah compliance moderates the relationship between board diversity and financial performance, with zakat disclosure serving as a key mediating mechanism that aligns governance practices with Islamic ethical obligations (Firdaus et al., 2024). These findings collectively suggest that the empirical impact of Shariah compliance on corporate governance outcomes is both context-dependent and multidimensional, reinforcing the need for nuanced, evidence-driven governance analysis across sectors and institutional environments.

Emerging Themes

The consistent themes identified in the literature underscore the enduring centrality of corporate governance in

Islamic banks and its close association with Shariah compliance and financial performance. A substantial body of research consistently demonstrates that governance structures such as Shariah supervisory boards, board independence, audit committees, and internal Shariah review functions play a crucial role in ensuring both financial stability and ethical integrity in Islamic banking institutions (Obid & Naysary, 2014; Basiruddin & Ahmed, 2020). Empirical studies show that effective Shariah governance mechanisms enhance financial performance, reduce excessive risk-taking, and improve internal controls and disclosure quality, reinforcing stakeholder trust and institutional resilience (Grassa et al., 2025). The persistent scholarly focus on these issues suggests that governance and Shariah compliance are not transient research interests but foundational pillars of Islamic banking. This consistency supports propositions that Shariah board diversity positively influences bank performance and that stronger governance mechanisms contribute to more prudent risk behaviour, aligning Islamic banks with both ethical mandates and financial soundness objectives.

The rising themes reflect an important evolution in the literature toward integrating Shariah compliance with broader sustainability and ESG-oriented governance frameworks. Recent studies increasingly explore Islamic sustainable finance, highlighting how Islamic finance principles such as prohibition of harm (darar), promotion of public interest (maslahah), and ethical investment naturally align with environmental, social, and governance (ESG) objectives (Shalhoob, 2025). Research shows growing interest in how corporate governance mechanisms within Islamic financial institutions can support sustainable development goals (SDGs), particularly in Muslim majority countries where Islamic banks play a systemic economic role (Grassa et al., 2025). Closely related is the expanding literature on ESG and Shariah compliance, which suggests that ESG disclosures can enhance the financial performance and risk profile of Shariah-compliant firms, while Shariah principles may strengthen the credibility and ethical grounding of ESG initiatives (Ahmad & Kumari, 2025; Shalhoob, 2025). The rise of these themes indicates a shift from compliance-focused governance toward value-driven and sustainability-oriented governance, supporting hypotheses that ESG Shariah integration enhances sustainability performance and that Shariah compliance amplifies the effectiveness of ESG strategies in Islamic financial institutions.

In contrast, the novel themes signal forward-looking research frontiers shaped by technological transformation, particularly the application of blockchain technology to Shariah compliance and corporate governance. Although still emergent, studies suggest that blockchain can enhance transparency, traceability, and regulatory compliance in Islamic financial transactions by providing immutable records and real-time monitoring capabilities (Kismawadi, 2025; Arifardhani et al., 2025). From a governance perspective, blockchain enabled systems have the potential to reduce agency problems, lower compliance costs, and improve trust among stakeholders, especially in cross-border Islamic finance and fintech applications. The novelty of this theme lies in its potential to operationalise Shariah governance principles such as transparency and accountability through technological infrastructure rather than solely through institutional oversight. These developments support emerging hypotheses that blockchain adoption enhances Shariah compliance and promotes financial inclusion, positioning technology as a transformative enabler of future Islamic corporate governance models.

CONCLUSION

This study set out to systematically review and synthesise the literature on corporate governance through Shariah compliance using an AI-assisted systematic review approach based on Scopus AI. Drawing on AI-generated summaries, concept mapping, topic expert identification, and emerging theme analysis, the review provides a comprehensive and structured understanding of how Shariah compliance functions as a governance mechanism within Islamic financial institutions and beyond. The key findings demonstrate that Shariah compliance consistently strengthens corporate governance outcomes by enhancing board effectiveness, internal controls, transparency, risk management, and stakeholder trust. Empirical evidence across banking and non-financial sectors shows that Shariah governance mechanisms such as Shariah supervisory boards, zakat disclosure, and Shariah audits are associated with improved financial performance, reduced risk-taking behaviour, higher credit ratings, and greater legitimacy in capital markets. Collectively, these findings confirm that Shariah compliance is not merely a normative or religious requirement but an operational governance layer with measurable economic and organisational consequences.

From a theoretical perspective, this study contributes to the literature by consolidating fragmented governance theories into an integrated Shariah governance framework. The review demonstrates that corporate governance

through Shariah compliance is best explained through a multi-theoretical lens combining agency theory, stewardship theory, and stakeholder theory, enriched by Islamic jurisprudential principles such as amanah (trust), maslahah (public interest), and ethical accountability. This integration advances governance theory by extending conventional shareholder-centric models toward a values-based governance paradigm that balances efficiency, ethics, and social responsibility. Furthermore, the concept map and emerging themes analysis reveal a gradual theoretical shift from compliance-focused governance toward sustainability-oriented and technology enabled governance models, positioning Shariah compliance as a dynamic and evolving construct within contemporary corporate governance scholarship.

In terms of practical and policy implications, the findings offer important insights for regulators, policymakers, board members, and practitioners in Islamic finance. Strengthening Shariah governance frameworks through clearer regulatory standards, enhanced Shariah board competency, and improved disclosure requirements can enhance institutional resilience and market confidence. The growing convergence between Shariah compliance and ESG oriented governance suggests that Islamic financial institutions are well positioned to contribute to sustainable finance agendas and the achievement of Sustainable Development Goals (SDGs). Moreover, the emergence of technological themes such as blockchain and AI-enabled Shariah compliance highlights opportunities for improving transparency, reducing compliance costs, and enhancing financial inclusion. These implications underscore the relevance of Shariah-compliant governance not only for Islamic institutions but also for broader debates on ethical and sustainable corporate governance.

Despite its contributions, this study is subject to several limitations. First, the review relies exclusively on the Scopus database and Scopus AI tools, which, while comprehensive, may exclude relevant studies indexed in other databases or published in non-English languages. Second, the AI-assisted synthesis depends on algorithmic clustering and summarisation, which may overlook nuanced contextual or jurisprudential interpretations present in qualitative studies. Third, much of the existing empirical evidence remains concentrated in Islamic banking and Muslim-majority countries, limiting the generalisability of findings across sectors and institutional settings.

Building on these limitations, several avenues for future research are proposed. Future studies should conduct cross-country and cross-sector comparative analyses to examine how Shariah governance operates under different legal, regulatory, and cultural environments. Longitudinal research designs are needed to capture the dynamic effects of Shariah compliance on governance quality and performance over time. Methodologically, greater use of qualitative and mixed-method approaches can enrich understanding of behavioural, ethical, and institutional dimensions of Shariah governance. Finally, further research should explore technology-driven Shariah governance, particularly the application of AI and blockchain in compliance monitoring, risk management, and disclosure systems, as well as deeper integration between Shariah governance and ESG frameworks. Such efforts will be crucial for advancing theory, informing policy, and strengthening the practical relevance of corporate governance through Shariah compliance in an increasingly complex global financial environment.

REFERENCES

1. Ahdadou, M., Aajly, A., & Tahrouch, M. (2025). Enhancing corporate governance through AI: A systematic literature review. *Technology Analysis and Strategic Management*, 37(11), 1753–1766. <https://doi.org/10.1080/09537325.2024.2326120>
2. Ahmad, G., & Kumari, P. (2025). Unraveling the linkages between Shariah-compliant stocks, corporate social responsibility, and earnings management: An empirical analysis. *International Studies of Management & Organization*. <https://doi.org/10.1080/00208825.2025.2480439>
3. Alajmi, A. E., & Al-Shammari, B. A. (2024). Corporate governance impact on risk disclosure in Shariah compliant financial firms of Kuwait. *Journal of Islamic Accounting and Business Research*. <https://doi.org/10.1108/JIABR-02-2024-0070>
4. Albalawee, N., & Fahoum, A. A. (2024). A novel legal analysis of Jordanian corporate governance legislation in the age of artificial intelligence. *Cogent Business & Management*, 11(1), Article 2297465. <https://doi.org/10.1080/23311975.2023.2297465>

5. Amayreh, I., Ananze, H., & Bugshan, A. (2024). The impact of board of directors and Islamic Shariah on company internal control: Evidence from Jordan. *International Journal of Economics and Financial Issues*, 14(1), 39–51. <https://doi.org/10.32479/ijefi.15243>
6. Arifardhani, Y., Ahmat, N. H. C., & Mukri, M. (2025). The role of law in AI-based business ecosystems: A contextualized perspective from Islamic law. *Jurnal Ilmiah Mizani*, 12(1), 284–296. <https://doi.org/10.29300/mzn.v12i1.6961>
7. Asyiqin, I. Z., & Onielda, M. D. A. (2025). Governance, business, legal, and technology: Strategies for addressing volatility and gharar in Sharia capital markets. *Jurnal Hukum Novelty*, 16(1), 158–173. <https://doi.org/10.26555/jhn.v16i1.30505>
8. Baig, M. M., Malik, Q. A., & Ellahi, N. (2024). Corporate governance and credit rating of Islamic banks: Moderating role of Shariah governance attributes. *SAGE Open*, 14(2). <https://doi.org/10.1177/21582440241247386>
9. Basiruddin, R., & Ahmed, H. (2020). Corporate governance and Shariah non-compliant risk in Islamic banks: Evidence from Southeast Asia. *Corporate Governance: The International Journal of Business in Society*, 20(2), 240–262. <https://doi.org/10.1108/CG-05-2019-0138>
10. Firdaus, R., Sumiati, Djazuli, A., & Indrawati, N. K. (2024). The role of Sharia compliance in moderating the indirect influence of board diversity on return on equity mediated by zakat disclosure. *Edelweiss Applied Science and Technology*, 8(6), 4372–4383. <https://doi.org/10.55214/25768484.v8i6.2937>
11. Ghani, N. A. R. N. A., Alias, M. N., Alazemi, M. S. Gh. O., & Kamis, M. S. (2024). Implementation of Shariah governance in the charitable sector: Challenges and importance from an Islamic perspective. *Pakistan Journal of Life and Social Sciences*, 22(1), 6890–6904. <https://doi.org/10.57239/PJLSS-2024-22.1.00503>
12. Grassa, R., El-Halaby, S., & Khelif, H. (2025). The economic consequences of Shariah governance: A systematic literature review and research agenda. *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-06-2024-0231>
13. Jaradat, H., & Oudat, M. S. (2025). Enhancing clarity and transparency in Islamic financial practices: The role of regulatory influence. *Journal of Financial Reporting and Accounting*. <https://doi.org/10.1108/JFRA-07-2024-0479>
14. Kalkan, G. (2024). The impact of artificial intelligence on corporate governance. *Journal of Corporate Finance Research*, 18(2), 17–25. <https://doi.org/10.17323/j.jcfr.2073-0438.18.2.2024.17-25>
15. Kismawadi, E. R. (2025). Artificial intelligence in Islamic finance: Revolutionizing risk management, auditing, and Shariah compliance. In *AI's transformative impact on finance, auditing, and investment* (pp. 101–122). IGI Global. <https://doi.org/10.4018/979-8-3373-0129-7.ch004>
16. Kismawadi, E. R., Irfan, M., & Harahap, I. (2025). Integrating artificial intelligence in Islamic financial management: Opportunities and challenges in maintaining Shariah compliance. In *Indigenous empowerment through human-machine interactions* (pp. 273–288). Emerald Publishing. <https://doi.org/10.1108/978-1-83608-068-820251016>
17. Lestari, I. P., Hanafi, M. M., & Wardhana, L. I. (2025). A literature review of updated Islamic corporate governance elements: Implications for Indonesia. *Journal of Islamic Monetary Economics and Finance*, 11(1), 91–118. <https://doi.org/10.21098/jimf.v11i1.2305>
18. Minhas, I. H. (2023). *Shariah governance for Islamic financial institutions*. Routledge. <https://doi.org/10.4324/9781003324836-9>
19. Naz, A., Ali, M., & Barut, A. K. (2025). Sukuk and corporate governance: Ethical foundations, economic impact, and global relevance in Islamic finance. In *Islamic finance and corporate governance: Synergies for sustainable growth* (pp. 147–174). Emerald Publishing. <https://doi.org/10.1108/978-1-83662-346520251022>
20. Obid, S. N. S., & Naysary, B. (2014). Toward a comprehensive theoretical framework for Shariah governance in Islamic financial institutions. *Journal of Financial Services Marketing*, 19(4), 304–318. <https://doi.org/10.1057/fsm.2014.26>
21. Priantina, A., Uula, M. M., Aufa, & Herindar, E. (2025). AI in fatwa formulation: Transforming Shariacompliant finance. *Journal of Central Banking Law and Institutions*, 4(3), 595–634. <https://doi.org/10.21098/jcli.v4i3.446>

22. Shaban, O. S., & Omoush, A. (2025). AI-driven financial transparency and corporate governance: Enhancing accounting practices with evidence from Jordan. *Sustainability*, 17(9), Article 3818. <https://doi.org/10.3390/su17093818>

23. Shafii, Z., Salleh, S., Hanefah, H. M. M., & Jusoff, K. (2013). Human capital development in Shariah audit. *Middle East Journal of Scientific Research*, 13(Special Issue), 28–34. <https://doi.org/10.5829/idosi.mejsr.2013.13.1878>

24. Shalhoob, H. (2025). ESG disclosure and financial performance: Survey evidence from accounting and Islamic finance. *Sustainability*, 17(4), Article 1582. <https://doi.org/10.3390/su17041582>

25. Siddiqui, O., & Raheman, A. (2025). Corporate governance and value addition in Pakistan: A nonlinear moderation of Shariah compliance. *International Journal of Disclosure and Governance*, 22(4), 991–1004. <https://doi.org/10.1057/s41310-025-00302-6>

26. Yusoff, H., Azhari, N. K. M., & Darus, F. (2018). Effects of financial performance and governance on corporate social responsibility disclosure: Evidence from Islamic financial institutions in Malaysia. *Global Journal Al-Thaqafah* (Special Issue), 57–72. <https://doi.org/10.7187/GJATSI2018-04>